

Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 NRC-05 HA-05
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TO SECSTATE WASHDC 5506
INFO AMEMBASSS RABAT
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DEPT PASS TO DEPT OF LABOR/JAMES MATTSON

E.O. 11652: N/A
TAGS: ELAB, MO
SUBJ: MOROCCAN OIL REFINERY STRIKE SETTLED

1. AN 18-DAY STRIKE BY 421 PERMANENT AND 200 TEMPORARY WORKERS AT THE GOVERNMENT-OWNED SAMIR OIL REFINERY IN MOHAMMEDIA WHICH PROCESS 80 PERCENT OF MOROCCO'S REFINED OIL ENDED IN A COMPROMISE AGREEMENT MAY 14. THE SAMIR AGREEMENT WILL ALSO BE APPLIED TO THE SEBLIMA BITUMINUM PRODUCT PLANT WHICH EMPLOYS ANOTHER 100 WORKERS. UNDER THE TERMS, WORKERS WILL RECEIVE AN INCREASE IN THEIR COMPANY-PAID RENT SUBSIDY FROM US \$23.25 TO US \$46.50 INSTEAD OF \$69.75 US WHICH HAD BEEN THEIR ORIGINAL DEMAND. HAN ACROSS THE BOARD MONTHLY SALARY INCREASE OF US \$15.40 WAS ALSO GRANTED WHICH ALLEGEDLY AMOUNTS TO ABOUT A 10 PERCENT INCREASE FOR THE LOWEST PAID WORKERS AT SAMIR. THE SALARY INCREASE WAS A FAR CRY FROM THE 28.5 PERCENT DEMANDED BY THE MOROCCAN TRADE UNION
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CONFEDERATION (UMT) BASED UPON INCREASES IN THE COST OF LIVING INDEX IN THE PAST THREE YEARS. ACCORDING TO ARTICLE 8 OF THE LABOR CONTRACT INITIALED BY THE MINISTRIES OF FINANCE AND LABOR AND BY THE SAMIR MANAGEMENT, SALARIES WERE TO BE ADJUSTED EVERY THREE YEARS IN RELATION TO INCREASES IN THE COST OF LIVING INDEX. BASED UPON OFFICIAL FIGURES, THIS WOULD HAVE

AMOUNTED TO AN EXHORBITANT INCREASE OF 28.5 PERCENT. MOHAMED BELGNAOUI, DIRECTOR OF PERSONNEL AT SAMIR, ADMITTED THAT ARTICLE 8 HAD BEEN IGNORED IN REACHING THE COMPROMISE SETTLEMENT AS IT WOULD HAVE SET A DANGEROUS PRECEDENT FOR RUINOUSLY LARGE SALARY DEMANDS BY OTHER GOVERNMENT EMPLOYEES. MOREOVER, BELGNAOUI POINTED OUT THAT THE WORKERS OVER THE PAST TWO YEARS HAD RECEIVED WHAT AMOUNTED TO ABOUT A 20 PERCENT INCREASE IN THEIR SALARIES BEFORE THE LATEST AGREEMENT. ARTICLE 8 REMAINS IN THE LABOR CONTRACT AND WILL UNDOUBTEDLY BE THE CAUSE OF FUTURE DEMANDS THREE YEARS HENCE, BELGNAOUI COMMENTED. HE ADMITTED THAT THE STRIKE WAS A POTENTIAL THREAT TO THE MOROCCAN ECONOMY AS THE RESERVES OF REFINED OIL WOULD HAVE STARTED TO RUN OUT AFTER 30 DAYS. HE SAID THAT THE UMT WAS THE SOLE LABOR UNION INVOLVED IN THE STRIKE AND ITS SETTLEMENT. BELGNAOUI OBSERVED THAT THE STRIKE HAD COST THE COMPANY MORE THAN US \$46 MILLION DURING THE SHUTDOWN.

2. COMMENT: THE PROLONGED STRIKE AT THE SAMIR OIL REFINERY, WHICH IS UNDERGOING RAPID EXPANSION IS ILLUSTRATIVE OF THE MOROCCAN LABOR SITUATION FOR THE FOLLOWING REASONS: 1. A PROLONGED AND COSTLY STRIKE IN A KEY INDUSTRY WAS PERMITTED; 2. IT WAS LED BY THE UMT WHICH STILL IS RESPONSIBLE FOR MOST OF THE STRIKE ACTIVITY IN THE COUNTRY; 3. THE COMPROMISE ADHERED TO WHAT APPEARS TO BE GOVERNMENT POLICY OF LIMITING WAGE INCREASES TO ABOUT 10 PERCENT FOR UNSKILLED WORKERS; AND LIMITED OFFICIAL USE

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4. FINALLY THIS WAS RESTRAINT WAS ACHIEVED BY IGNORING A SPECIFIC ARTICLE OF THE LABOR CONTRACT IN FORCE WHICH CALLED FOR AUTOMATIC INDEXATION OF SALARIES EVERY THREE YEARS. KUNIHOLM

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